Valterra Resource Corporation

Financial Statements

Three Months Ended March 31, 2007

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim financial statements of the Company for the three months ended March 31, 2007 were prepared by management and have not been reviewed or audited by the Company's auditors.

VALTERRA RESOURCE CORPORATION
Balance Sheet
Expressed in Canadian Dollars

		March 31, 2007 (Unaudited)	December 31 2006 (Audited)
Assets			
Current			
Cash		$ 88,486	$ 175,846
GST receivable		7,011	7,111
Prepaid expenses		702	299
		96,199	183,256
Long term investments	note 2	4	4
Mineral property	note 3	58,792	49,593
		$ 154,995	$ 232,853
Liabilities			
Current			
Bank indebtedness	note 4	$ 200,297	$ 196,533
Accounts payable and accrued liabilities		205,718	253,094
Due to related parties		126,193	100,735
		532,208	550,362
Shareholders' Equity			
Capital Stock	note 5	5,085,926	5,091,426
Shares issued for cash, net of share issue costs)	note 5(d)	-	(17,500)
Deficit		(5,463,139)	(5,391,435)
		(377,213)	(317,509)
		$ 154,995	$ 232,853

Approved on Behalf of the Board *"Lawrence Page" (signed)* *"Edward Odishaw" (signed)*

Lawrence Page Edward Odishaw

The accompanying notes are an integral part of these consolidated financial statements.

VALTERRA RESOURCE CORPORATION

Statement of Operations And Deficit

Expressed in Canadian Dollars

Unaudited

	Three Months Ended March 31, 2007	2006
Expenses		
Interest and bank charges	$ 3,773	$ 10,445
Interest on long-term debt	0	46,838
Investor relations	1,971	0
Office and administration	20,875	16,080
Professional fees	29,891	15,104
Regulatory fees and taxes	10,900	0
Transfer agent	4,187	0
Travel and promotion	107	0
Loss Before the Following	(71,704)	(88,467)
Gain on Settlement of Debt	0	1,029
Net Loss for the Period	(71,704)	(87,438)
Deficit, Beginning of the Period	5,391,435	6,446,263
Deficit, End of the Period	$ 5,463,139	$ 6,533,701
Loss per share	$ (0.01)	$ (0.05)
Weighted Average Number of Common Shares Outstanding	11,115,439	1,765,659

VALTERRA RESOURCE CORPORATION
Statement of Cash Flows
Expressed in Canadian Dollars
Unaudited

	Three Months Ended March 31, 2007	2006
Operating Activities		
Net loss	$ (71,704)	$ (87,438)
Items not involving cash		
Accrued interest on long-term debt	0	46,838
Operating Cash Flow	(71,704)	(40,600)
Changes in Non-Cash Working Capital		
Accounts receivable	100	0
Prepaid expenses	(403)	0
Accounts payable and accrued liabilities	(47,375)	12,917
Due to related party	25,457	15,575
	(22,221)	28,492
Cash Used in Operating Activities	(93,925)	(12,108)
Investing Activity		
Mineral property	(14,699)	0
Financing Activity		
Shares issued for cash, net of share issue costs	17,500	30,000
Outflow of Cash	(91,124)	17,892
Bank Indebtedness, Beginning of the period	(20,687)	(200,232)
Bank Indebtedness, End of the period	$ (111,811)	$ (182,340)
Consisting of the following:		
Cash	$ 88,486	$ 0
Bank indebtedness	(200,297)	(182,340)
	$ (111,811)	$ (182,340)
Supplemental Cash Flow Information		
Interest paid	$ 3,414	$ 2,992

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporations Act (Alberta) on September 1, 1996 as Bolton's Capital Corp. and continued under the Business Corporations Act (Yukon). The Company changed its name to Valterra Wines Ltd. and consolidated its capital stock on a 10:1 basis during the year ended December 31, 2002. The Company then changed its name to Valterra Resource Corporation ("Valterra") in April 2005 and changed its principal business activity to the exploration for and development of natural resource properties. The Company's shares are subject to a cease trade order made by the Alberta Securities Commission on July 18, 2003 and a cease trade order made by the British Columbia Securities Commission on June 3, 2003 (collectively the "CTOs")Marketable Securities.

The unaudited interim financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles. These unaudited interim financial statements do not contain all of the information required for annual financial statements, and they should be read in conjunction with the Company's annual audited financial statements for the fiscal year ended December 31, 2006. All material adjustments necessary for a fair presentation of the results of the interim periods have been reflected. The results for the three months ended March 31, 2007 were stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for the full year.

The Company's reporting currency is the Canadian dollar and all dollar amounts in these statements are in Canadian dollars.

2. LONG TERM INVESTMENTS (each held at $1.00)

(a) Hester Creek Estate Winery

The Company holds 1,200 shares of HCEW out of a total of 1,001,200 shares, representing 0.12% of HCEW. The Company carries its investment at $1, being the exercise price of Investco's option to purchase the Company's 1,200 shares of HCEW.

(b) Abridean Inc.

The Company had invested $400,000 for 554,046 Class B preferred shares of Abridean Inc. The Class B preferred shares are convertible into common shares of Abridean Inc. on a one for one basis. At December 31, 2002, the Company wrote down Abridean Inc. to a nominal amount.

2. LONG TERM INVESTMENTS (continued)

(c) BioVan Inc.

The Company had invested $750,000 in BioVan Inc. to obtain a minority equity interest. At December 31, 2001, the Company has recognized an other-than-temporary decline in the recoverable amount of this investment and accordingly had written the investment down to a nominal amount.

(d) Cardiovascular Solutions Inc.

The Company had invested $1,200,000 in preferred shares of CSI. The preferred shares are redeemable and retractable, are not entitled to a vote at shareholders' meetings, and are not convertible to common shares. At December 31, 2002, the Company wrote down the CSI shares to a nominal amount.

3. MINERAL PROPERTY

On July 21, 2006, Manex Resource Group Inc. (the "Assignor"), a related party, acquired an option from the Optionors to purchase the Swift Katie gold/copper property located near Salmo in the Nelson Mining District of southern British Columbia. The option was then assigned by the Assignor to the Company for which the Company paid the Assignor $2,500. The option agreement was amended February 7, 2007 to defer the date certain exploration expenditures had to be made from December 31, 2006 to June 30, 2007. A summary of capitalized acquisition and exploration expenditures on the Company's Swift Katie property for the quarter ended March 31, 2007 is as follows:

Expressed in Canadian Dollars

3. MINERAL PROPERTY (continued)

	Balance December 31, 2006 $	Q1 $	Balance March 31, 2007 $
Acquisition costs:			
Acquisition	36,000	888	36,888
Shares returned to treasury	0	(5,500)	(5,500)
Total acquisition	36,000	(4,612)	31,388
Exploration costs:			
Assays and surveys	0	214	214
General exploration	0	2,329	2,329
Geological services	13,562	9,626	23,188
Travel and related costs	0	1,227	1,227
Vehicle expenses	31	415	446
Total exploration costs	13,593	13,811	27,404
Total Mineral Property Expenditures as at March 31, 2007	49,593	9,199	58,792

4. BANK INDEBTEDNESS

Bank indebtedness is due on demand, bears interest at prime plus 1% per annum and is secured by a letter of credit from Schroders (C.I.) in support of a guarantee by a company owned by a shareholder of the Company.

Expressed in Canadian Dollars

5. CAPITAL STOCK

(a) Authorized

Unlimited common shares without par value
Unlimited preference shares without par value

(b) Issued and outstanding

As at March 31, 2007, there were 11,115,439 common shares issued and outstanding. Share capital and contributed surplus transactions for the three months ended March 31, 2007 and for the fiscal year ended December 31, 2006 are summarized as follows:

	Number of shares	Value of shares
Balance as at December 31, 2005	1,765,659	$ 3,217,354
Shares issued for cash:		
Private placement at $0.10 net of share issue costs of $623 (note 5(d)).	3,000,000	299,377
Shares issued in settlement of debt at $0.25 (note 5(c))	6,048,000	1,512,000
Shares allotted in settlement of debt at $0.25 but not issued (note 5(c))	46,780	11,695
Shares issued as consideration for a loan guarantee (note 5(e))	200,000	40,000
Shares issued for mineral property acquisition	110,000	11,000
Balance as at December 31, 2006	11,170,439	5,091,426
Shares returned to treasury	(55,000)	(5,500)
Balance as at March 31, 2007	11,115,439	$ 5,085,926

(c) Shares issued for debt

On July 21, 2006, the Company entered into a debt settlement agreement with EACL whereby $2,636,269 of debt was settled by the assignment of the $250,000 HCEW note receivable and the issuance of 3,912,000 common shares at an agreed price of $0.25 per share.

5. CAPITAL STOCK

(c) Shares issued for debt (continued)

On July 21, 2006, the Company entered into three other debt settlement agreements for amounts in accounts payable and due to related parties. One was to a creditor to settle the debt of $403,237 by issuing 1,528,000 common shares. The second was to a company owned by the President of the Company to settle a debt of $152,000 owed by issuing 608,000 shares.

The third was to settle a debt of $11,695 by issuing 46,780 common shares. At December 31, 2006, these shares had been allotted but not issued to the debtor. On January 27, 2007 the shares were issued and full satisfaction of the debt had occurred.

All three settlements were at an agreed price of $0.25 per share.

(d) Private placements

On September 26, 2006, the Company announced an equity financing by way of a non-brokered private placement of 3,000,000 common shares at a price of $0.10 per share. On November 7, 2006 the BCSC and, on December 13, 2006, the ASC approved the private placement and subsequently 3,000,000 shares were issued at a price of $0.10 per share, for gross proceeds of $300,000. At December 31, 2006, $17,500 remained uncollected resulting in the share subscription receivable amount. This receivable was collected on March 13, 2007

(e) The Company issued 200,000 shares at an agreed price of $0.20 per share as consideration for the guarantee (note 4).

(f) Share warrants

There were no share purchase warrants outstanding and exercisable as at December 31, 2005 or 2006 and March 31, 2007.

Expressed in Canadian Dollars

6. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures made to related parties not at arm's length to the Company include:

		Three Months Ended March 31, 2007	2006
Services			
Accounting fees	(1)	$ 5,513	$ 0
Administration fees	(1)	15,000	15,575
Investor relations	(1)	1,588	0
Legal fees	(2)	12,314	0
Management fees	(1)	4,268	362
Cost recovery			
Office and general expenses	(1)	1,536	0
Mineral properties			
Geological services	(1)	$ 4,090	$ 0

(1) A service agreement was signed between the Company and a private company controlled by the President of the Company from 1997. The private company has provided administrative and accounting services to the Company to meet existing regulatory and compliance filings. A $5,000 monthly administration charge was paid plus scheduled personnel charges for accounting, consulting, geological and investor relations services rendered. The Company is also required to reimburse out-of-pocket expenses, the majority of which is subject to a 10% markup.

(2) Legal fees in the amount of $12,314 (2006 - NIL) billed by a company controlled by the President of the Company and included in professional fees.

Balances due to related parties:

(3) Included in due to related parties is $85,481 (2006 - $152,000) payable to a company owned by the President of the Company;

(4) Included in due to related parties is $24,107 (2006 - $24,107) owing to the President of the Company)

6. RELATED PARTY TRANSACTIONS (continued)

(5) Included in due to related parties is $16,605 (2006 - $16,605) owing to a Director of the Company.

These transactions were made in the normal course of operations for consideration established and accepted by the Company and the related parties.

7. SUBSEQUENT EVENTS

On April 5, 2007 Valterra submitted a listing application to list with the CNQ. Upon approval Valterra intends to carry out an equity offering to raise funds to support exploration of the Swift Katie mining claims.

8.CONTINGENCIES

(a) The Company has approximately $96,000 included in accounts payable that it is currently disputing. The resolution of this may result in a gain or loss to the Company at some time in the future; however, the outcome is not known at this point.

(b) The note receivable due from HCEW is in dispute by EACL. The note receivable was used in the settlement of outstanding long-term debt during 2006 (note 8 of the audited financial statements for the fiscal year ended December 31, 2006). The Company may be obligated for further amounts with respect to the debt settlement. The outcome of the dispute cannot be determined at this time, and accordingly, will be recorded when known and may impact future results of operations and cash flows.

9. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation adopted in the current year.